

IN THE SENATE OF THE UNITED STATES.

JANUARY 28, 1858.—Ordered to be printed.

Mr. SLIDELL made the following

REPORT.

[To accompany Bill S. 104.]

The select committee appointed under a resolution of the Senate of 17th December last "to examine into the condition of the corporations or associations acting as banks of deposit, discount, and issue in the District of Columbia, and the authority under which said corporations or associations assume to transact the business of banking; also to inquire whether any, and what, further legislation is necessary to regulate and control banks of deposit, circulation, and issue in the District of Columbia," ask leave to make the following report:

In pursuance of the power conferred upon them, your committee addressed the following circular to the several corporations or associations carrying on business in the District of Columbia as banks of issue, to wit: the trustees of the Bank of the Metropolis, Bank of Washington, Patriotic Bank, Farmers and Mechanics' Bank of Georgetown, and the Bank of Commerce of Georgetown:

SENATE CHAMBER, December 23, 1857.

SIR: I have been instructed by the select committee of the Senate appointed to examine the condition of the corporations or associations acting as banks of deposit, discount, and issue in the District of Columbia, to request that you will furnish, at as early a day as possible, a full statement of the affairs of the Board of Trustees of the _____, detailing the assets and liabilities of the same, with full and complete list of its debtors; the amounts due by each; when their obligations were contracted, and when they mature; how the same are secured, and any other information which you may consider as proper and necessary to a just appreciation of the condition of its affairs.

Very respectfully, your obedient servant,

JOHN SLIDELL, *Chairman.*

The circular was sent to the last named institution, under the erroneous impression that it was in the same category as the four others, receiving its title and exercising its powers derivatively from a special act of incorporation. It appears, however, that the Bank of Commerce was organized in 1852, by an association of individuals claiming no peculiar immunities or privileges, but forming a partnership for the transaction of banking business, under no other obligations or restrictions than those resulting from the general law regulating commercial partnerships in the District of Columbia, and therefore not subject to the supervision of Congress in the administration of their affairs. If the partners have violated the law, as in the opinion of your committee they have, by issuing notes for circulation, they are only amenable for such violation to the ordinary judicial tribunals. The president, however, furnished a statement of the condition of the bank, which will be incorporated in the general statement of the affairs of all the banks of issue, for the purpose of presenting a synoptical view of the extent and character of their operations. To understand the present condition and rights of the other associations, it is necessary to present a brief history of their origin, of the several acts of Congress amending or extending their charters and providing for the liquidation of their affairs.

The Bank of Washington was incorporated February 15, 1811; the Farmers and Mechanics' Bank, Patriotic Bank, and Bank of Metropolis, March 3, 1817. By the act of March 2, 1821, the charters of all these banks were extended to March 3, 1836; and by act of February 9, 1836, they were further extended and limited to October, 1, 1836; and again, on July 2, 1836, extended to July 4, 1838; on May 31, 1838, they were extended to July 4, 1840; on July 3, 1840, they were further continued to July 4, 1844. By this act, Congress adopted the policy of liquidating all the incorporated banks in the District of Columbia. The country was then slowly recovering from the disastrous consequences of the general suspension of 1837, and the mischievous effects of a debased currency were felt and appreciated by all classes of the community. As the act of July 3, 1840, seems to have escaped the attention of the courts and juriconsults, whose judgments and opinions have been invoked to sustain the present action of the banks originally deriving their charters from Congress, it may be well to give its provisions in full. It is to be found in the 6th volume of Brown and Little's edition of Statutes at Large, page 802. Why it was placed among the private statutes, when every other act relating to a bank or banks in the District of Columbia has been classed with the public acts, is not the province of your committee to decide. The failure of the trustees and counsellors of the banks to take any notice of it, in the various arguments they have adduced to sustain the legality of their operations, since July 4, 1844, might, perhaps, warrant the suspicion that this deviation from the ordinary classification was not accidental. It is entitled "An act to continue the corporate existence of certain banks in the District of Columbia for certain purposes." It declares that "the provisions, restrictions and enactments of the act of Congress of May 25, 1838, entitled 'An act to extend the charter of the Union Bank of Georgetown, in the District of Co-

lumbia, be, and the same are hereby, extended to the Farmers and Mechanics' Bank of Georgetown, the Bank of the Metropolis, the Patriotic Bank of Washington, and the Bank of Washington: *Provided*, That whenever, in the original act, the 1st July, 1838, occurs, it shall be so construed as to mean the 4th July, 1840;" and whenever the 1st July, 1842, occurs, it shall be construed to mean the 4th July, 1844."

The preamble states the motives and object of the law; it is in these words: "Whereas it appears that an extension of the charter of the Union Bank of Georgetown beyond 1st day of July, 1838, together with some amendment thereof, is necessary to enable the said corporation the better to close its concerns, redeem its obligations, and collect its debts; and the extension and amendment aforesaid have been asked by the said corporation for the purposes above specified, and for none other." The 3d section provides for a meeting of the stockholders, who may elect a trustee or trustees, not exceeding three, to whom shall be granted until July 1, 1842, (July 4, 1844,) the management of the concerns of the bank as fully and with the same limitations, together with others thereafter to be named, as were then given to the president and directors of said corporation. If trustees be elected, the president and directors shall appoint a commissioner to transfer to the trustees all the property of the corporation, upon the condition, first, of discharging all the debts due from said corporation; and, after the satisfaction of this trust, upon such other trusts and conditions, not inconsistent with their charter as therein amended, as they may see fit. The 4th section provides that the said corporation shall not, after July 1, 1838, (July 4, 1840,) issue or re-issue any bills, notes, or checks payable to bearer, nor issue certificates of deposit payable to bearer, nor receive any money or other property from any other corporation, and from any person other than one of its stockholders on deposit, and under obligation to return it; nor shall the said corporation, at any time after the 1st of July, 1838, receive or enter into any new obligations or liabilities other than such deeds or assignments as may be necessary to convey away absolutely the property, real or personal, of the said bank, or other than the renewal from time to time of existing debts due said corporation on the receipt of partial payments, and the taking of such obligations, additional assurances, new liens, or new sureties, as may be necessary and proper for securing the collection of debts due to the said bank on the first of July, eighteen hundred and thirty-eight, and for enforcing the performance of obligations created on or before the day and year last aforesaid.

The act then goes on to provide remedies for recovery of debts due to corporation. The 8th section declares, that, unless the president and directors, for the time being, of the said corporation, shall, on behalf of the stockholders, and in virtue of an authority from a majority in interest and number of them, file their declaration in writing in the office of the Secretary of the Treasury within six months from the date of the act, assenting to and accepting the extension of the charter thereby granted, under the terms, conditions, and limitations contained in the act, the corporation shall forfeit all right to an extension of the charter. By the annual letter from the Secretary of the Treasury, it appears that the Bank of the Metropolis, Bank of Washing-

ton, Patriotic Bank of Washington, and Farmers and Mechanics' Bank of Georgetown, severally filed, before the expiration of the six months limited by the act, the certificate of the president and directors assenting to and accepting its terms and conditions. It would naturally be supposed that these conditions having been voluntarily accepted by the banks, they would have proceeded in good faith to comply with them. Not so. They continued to importune Congress for a renewal of their charters and the restoration of their old privileges; but, failing in this, no further legislation is to be found in relation to them, except the act of June 17, 1844, which merely provides that suits might be commenced or continued by or against the banks, as if their charter did not expire on July 4, 1844. This act would seem to have been quite unnecessary for the purposes enumerated, every proper remedy having been granted by the provisions of May 25, 1838, for the recovery of debts. This is expressly declared in the opinion of the counsel of the Bank of Metropolis, dated June 25, 1844, sent to the committee by the president of that association. It would be difficult to suppose any other motive for the application to Congress than the hope that, by enlisting its sympathies in favor of the stockholders on the plea that unless the charters were renewed, there could be no means of collecting the debts due to the banks, they would thus obtain some legislation that would enable them to continue their business. This fact, with others strongly illustrating the bad faith of these corporations, is forcibly stated by a select committee of the House, of which Mr. Burke, of New Hampshire, was chairman, in a very able report made on the 25th February, 1845.

Failing in their efforts to obtain the renewal of their charters, the banks determined to evade, or, rather, flagrantly to violate, all the conditions imposed upon them by the act of 3d July, 1840, adopting the provisions of that of 25th May, 1838, to which reference has been heretofore made. No axiom of law is better established or more universally recognized than that no man or set of men can convey to others a greater power than that which they themselves possess: the delegated power can never exceed the original. It would be idle to quote authority to establish a principle so rudimental. The mode of operation in the case of the Bank of the Metropolis, and the same course was substantially pursued by the other banks, was this: the stockholders were convened, the president and directors were selected as trustees. They could not execute an assignment to themselves, and Richard Smith, the cashier, was selected as the agent and conduit through whom the property and effects of the old were to pass to the trustees of the new institution. The transfer was made to Smith on 3d July, 1844, who then assigned them to the trustees.—(Merrick vs. Trustees Bank of the Metropolis, 8 Gill's Reports, page 69.)

It thus appears that the president and directors sold nominally to their cashier, but, in fact, to themselves, as trustees, without consideration, or if any were named, it was, of course, purely fictitious, all the assets of their respective institutions, with power to carry on a general banking business, without any of the restrictions and safeguards for the community under which they had acted as corporations. A more shameless attempt to evade the express provisions of law

cannot well be imagined; and the committee believe that if the acts of May 25, 1838, and 3d July, 1840, had been submitted to the court of appeals of Maryland, in the case of *Merrick vs. Trustees of Bank of Metropolis*, the decision would have been very different. In that case it was decided that the penal sections of 3d March, 1817, to which the committee will allude in connexion with the legality of the present issues of notes by these banks, were repealed; that consequently a note discounted by the bank in the ordinary course of business, the proceeds of which would be paid out in the bills of the bank, was not given for an illegal consideration, and therefore not null and void. The court expressly says, in its decision, that it considers the penal sections of the act of 1817 to have been repealed, and that "at the same time it is conceded that there is no other action of Congress, at least none has been referred to, as reaching these plaintiffs." Your committee do not, however, assent to the reasoning of the court of appeals of Maryland in the case above cited. The act of 3d March, 1817, is entitled "An act to incorporate the subscribers to certain banks in the District of Columbia, and to prevent the circulation of the notes of unincorporated associations within the said District." It had two objects—one special, the other general. The special object was to create certain corporations, investing them with certain privileges and immunities, to be enjoyed under many salutary restrictions, and to be limited in its duration, namely, to 1st January, 1822. The general object was to protect the community against the issue of notes for circulation by unauthorized and irresponsible companies or individuals; this, as the danger to be guarded against, was one at all times likely to occur—was permanent. It was a criminal statute, and intended always to be in force until expressly repealed. When the charters of the banks were about to expire, the act of 2d March, 1821, was passed under the title of "An act to extend the charters of the banks in the District of Columbia." The title here indicates the purpose. The 1st section provides that the acts incorporating the several banks of the District of Columbia herein named be, and the same are hereby, extended and limited to 3d March, 1836, under and subject to such limitations, modifications, and conditions as are hereinafter enacted. These are all confined specially to the banks named; the last section, in the opinion of the committee, completely repudiates the idea that the act was intended to apply to any other subject than the incorporated banks. It declares "that so much and such parts of the said acts incorporating the several banks aforesaid as may be repugnant to this act be, and the same are hereby, repealed and annulled." The provisions of the act of 1817 being limited to January 1, 1822, it was necessary to extend them, if the existence of the banks was to be continued; and, to preserve a proper control over them, public policy required that their duration should be limited. The penal sections were for all time, did not require renewal, and, consequently, neither the renewals nor limitations can be considered as applying to them. But, while the opinion of the committee is very decided on this question, as the judge of the criminal court of the District of Columbia, from whose judgment, it seems, there is no appeal, has decided that an indictment cannot be main-

tained under the act of 1817 for the issuing of bank notes, they think it expedient to remove all doubts on the subject by the passage of a law for its prohibition. The question as to the legality of the contracts made by the banks who have heretofore enjoyed the privileges of incorporation is one between them and their debtors, in which the public has no concern; and the committee has no disposition to speculate about the probable result of any question of that kind that may hereafter be brought before our judicial tribunals. That of the currency is of a very different character; it affects the interest of every member of the community, and Congress is bound, not only as the special guardian of the people of the District of Columbia, but for the sake of example to the nation at large, to watch, with the most jealous eye, everything that may have a tendency to debase it. Were there any reasonable hope that we could return to what the committee considers to be the true theory of the Constitution, a total prohibition of the circulation of paper money, issued under the authority of the several States, they would give such a measure their cordial support. But believing that the time is yet distant when the national mind will be prepared for the adoption of a purely metallic currency, they will make no suggestions of a general character, and will confine themselves to the subject immediately referred to them.

The table which is herewith presented shows conclusively that the issue of notes by the banks of the District of Columbia may be immediately suppressed without any inconvenience to the community. The aggregate net circulation amounts only to \$265,929, assuming that at least \$50,000 of the notes are held by the banks themselves, while, if their statements be correct, they have in their vaults \$310,646 49. Deducting from this sum a third of the specie, \$103,548, which is the lowest proportion which a safe banking system would require as a sound basis of circulation, it appears that the difference between these sums exhibits the whole amount of active means which would be withdrawn from the funds employed by them in discounting the paper offered by their customers is but \$162,380. The interest on this sum, at six per cent., is \$9,742 80. This is the extreme limit of the annual diminution of the profits of the stockholders by the suppression of their circulation; but when the additional expense attending this branch of their business is taken into account, it may well be questioned if any advantage be derived from it. But small as this circulation would appear from the returns to be, your committee believe that it is now larger than it was on the 26th September last, when they suspended specie payments. Immediately after that date large quantities of notes freshly signed, many of them even bearing a subsequent date, appeared; whether they were paid out to depositors distrusting their solvency, or the banks increased their discounts, your committee has not been permitted to examine; but the following extract from a letter from the president of the Bank of Washington, under date of January 12, addressed to the committee, will throw some light on this branch of the question: "Owing to the large amount of specie monthly disbursed by the government in this city, the circulation of the District banks has, of late years, been nearly nominal, the chief currency having been gold and

silver and notes of banks below par, the latter not being received as bankable funds. The circulation is larger now, in consequence of specie being at a premium, and because the trustees were solicited by merchants and others to increase their issues, and thereby keep other notes of doubtful value from being introduced."

The novel information that specie is at a premium, and not the notes of the District banks at a discount, and the very ingenuous declaration that their failure to pay them when presented for redemption, has enabled them to increase their circulation, offer a fair exposition of the principles on which those institutions are conducted. The worthy president of the Bank of Washington has given the best possible reason for the suppression of District bank notes—the regular disbursements of the treasury in gold and silver furnish all the circulating medium required; those disbursements exceed in the aggregate six millions of dollars per annum, or five hundred thousand dollars per month, the latter sum being double the net circulation of all the banks of the District, even when stimulated by the suspension of specie payments.

But whatever advantage they may or might have derived from their circulation, these banks have no claim upon the indulgence of Congress. They exist and carry on business, if not in direct and open defiance of law, as your committee believe, certainly by a most shameless violation of the spirit of our past legislation. They have, with one honorable exception—viz: the Farmers' and Mechanics' Bank of Georgetown—refused to give the committee such information as will enable it to form any correct idea of their condition and solvency. The mere array of figures, showing a certain amount of assets in bills discounted, &c., is not, for the purpose of any serious examination, worth the paper on which it is written; a bank may have its portfolio bursting with promissory notes and other evidences of debt, and be utterly unable to meet the demands of its creditors; and the refusal to permit any inquiry into the character of their securities is not calculated to create confidence in their soundness. This remark, true in its application to all banks, applies with peculiar force to those of the District of Columbia; their bills or notes discounted form much the largest item of their assets. In large commercial cities they are generally based on real transactions, the exchange of credit for merchandise, and are, of course, almost invariably paid at maturity. Here, on the contrary, where there is little or no external commerce, except the export of flour and grain from Georgetown, a large proportion of the notes discounted is what is styled accommodation notes, or notes of persons borrowing money from the banks with endorsements for security. This class of paper is always repudiated by banks doing business on legitimate principles, because the borrower generally requires additional time for the payment of his debt, and renewals become the rule instead of the exception. In all old institutions much of this sort of paper will be found; and when they are forced into liquidation, its worthlessness will generally prove to be in proportion to the remoteness of its origin. It may be assumed as a fact, justified by all the experience of the past, that the true condition of any joint stock bank that has been

engaged in business for thirty or forty years, can only be ascertained, even approximately, by winding it up. It is hoped that the result may prove more favorable with the District banks than with nearly all others which have gone through the same process. These banks, too, have profited in another way by their suspension of payment. It will appear, by the annexed statement from the treasury, that, instead of employing their specie for the payment of their debts, they have, from the 26th of September, 1857, until the 18th of January, 1858, exchanged \$207,050 of coin for a like sum in transfer warrants, which they have, of course, sold for a considerable premium, or given at par to their favorites.

Your committee, after full deliberation, is unanimously of opinion that it is expedient to prohibit the issue of all notes for circulation by individuals or associations in the District of Columbia, not expressly authorized by law to make such issues, and to prevent the circulation of all bank notes issued out of the District of Columbia of a less denomination than fifty dollars, and have reported a bill accordingly.

The committee also is of opinion that it is inexpedient to authorize the establishment, either by general or special laws, of banks of issue within the District of Columbia, and report a resolution to that effect; but should the Senate think proper to instruct the committee to prepare and report a general law authorizing the establishment of banks of discount, deposit and issue in the District of Columbia, it will endeavor to frame a bill, which, while conferring all proper privileges for such purposes, will, as far as possible, protect the community from their abuse.

The committee also submit the following resolution:

Resolved, That it is inexpedient to authorize the establishment, either by general or special laws, of banks of issue within the District of Columbia.

APPENDIX.

1. Circular, December 22, 1857.
2. Communication of W. Gunton, president Bank of Washington, December 29, 1857.
3. Communication of John Purdy, president Patriotic Bank, December 31, 1857.
4. Statement of the condition of the affairs of the Patriotic Bank.
5. Communication of R. Read, president of the Farmers and Mechanics' Bank of Georgetown, January 2, 1858.
6. Statement of the affairs of the Farmers and Mechanics' Bank.
7. Communication of Charles E. Rittenhouse, president Bank of Commerce, December 31, 1857.
8. General statement of the Bank of Commerce.
9. Communication of Thomas Carbery, president Bank of the Metropolis, January 5, 1858.
10. Statement of the affairs of the Bank of the Metropolis.

11. Communication to the president Bank of Washington, January 11, 1858.
12. Communication from W. Gunton, president Bank of Washington, January 12, 1858.
13. General statement Bank of Washington.
14. Weekly statement Bank of Washington.
15. Synoptical statement of District banks.
16. Communication from Secretary of the Treasury, January 4, 1858.
17. Communication from Levi Woodbury, Secretary of the Treasury, January 4, 1841, to W. A. Bradley, president Patriotic Bank.
18. Treasurer's memorandum of coin deposited by District banks for transfer warrants, from suspension of specie payments to January 18, 1858.

No. 1.

*Circular addressed to the different banks of the District of Columbia,
December 23, 1857.*

SENATE CHAMBER,
December 22, 1857.

SIR: I have been instructed by the select committee of the Senate, appointed to examine the condition of the corporations or associations acting as banks of deposit, discount and issue in the District of Columbia, to request that you will furnish, at as early a day as possible, a full statement of the affairs of the board of directors of the ———, detailing the assets and liabilities of the same, with a full and complete list of its debtors; of the amounts due by each; when their obligations were contracted, and when they mature; how the same are secured, and any other information which you may consider as proper and necessary to a just appreciation of the condition of its affairs.

Very respectfully, your obedient servant,

JOHN SLIDELL.

PRESIDENT OF BOARD OF TRUSTEES
Of Bank of Metropolis.

No. 2.

BANK OF WASHINGTON,
December 29, 1857.

SIR: I have the honor to acknowledge the receipt of your letter of the 23d instant, enclosing a resolution of the Senate of the United States, calling for certain information in regard to the banks of this District, and I this morning laid the same before the Board of Trustees. The subject was referred to a committee, and will receive due attention.

With great respect, your most obedient servant,

WM. GUNTON, *President.*

Hon. JOHN SLIDELL,
Chairman, &c., &c.

No. 3.

PATRIOTIC BANK OF WASHINGTON,
December 31, 1857.

GENTLEMEN: I have the honor to acknowledge the receipt of your letter of the 23d instant, communicating a copy of the resolution passed by the Senate on the 22d instant.

Your communication has been laid before the Board of Trustees, who have instructed me to transmit a statement of the affairs of the bank, prepared up to the 1st January, 1858, which it is hoped will be satisfactory to the committee.

I have been further instructed by the trustees to say, for the information of the committee, that this bank is not an incorporated institution, but a voluntary association of individuals, acting through a Board of Trustees appointed under a deed of trust duly executed and recorded in the clerk's office of the circuit court of United States for the District of Columbia.

Very respectfully, your obedient servant,

JOHN PURDY,
President.

Hon. JOHN SLIDELL,
Chairman of Committee.

No. 4.—*Statement of the Patriotic Bank of Washington.*

January 1, 1858	Due from banks	\$60,004 48	January 1, 1858	Due to banks	\$66,809 45
	Due bank stock	20 00		Due to individuals	31,452 48
	Lands in Maryland and Pennsylvania	21,000 00		Due to special deposits	1,185 89
	Banking house	14,000 00		Notes in circulation	23,115 00
	House and lot in Washington	2,500 00		Capital stock	250,000 00
	Canal bonds	27,000 00			
	Patriotic Bank stock	126,105 00			
	Bills and notes in suit	4,536 32			
	Bills and notes discounted	85,893 15			
	Suits at law	116 75			
	Loss and profit account	10,768 47			
	Checks and notes of other banks	8,208 70			
	Specie	12,409 95			
		<hr/> 372,562 82			<hr/> 372,562 82

No. 5.

FARMERS AND MECHANICS' BANK,
Georgetown, D. C., January 2, 1858.

SIR: In response to your communication of the 23d of December, I transmit herewith the cashier's last weekly statement, showing the condition of this bank on the 31st of December ultimo.

In regard to your request to be furnished with a list of the debtors of this bank, I am instructed by the Board of Trustees to say that they feel very reluctant to furnish such a statement to become a public document, which might thereby operate injuriously to such debtors; but they are willing that you, or the whole committee, if it will suit your convenience to do so, should call at the bank and examine all the accounts on our discount ledger.

Of the item of "bills and notes discounted," as shown by the cashier's statement, we consider \$14,064 39 as debts lost to the bank; and, in consequence of recent commercial failures, we consider \$26,500 of said bills and notes as in great danger of being lost.

To give the committee a more just estimate of the present value of the stock of the bank, it is proper to state that a committee of stockholders rigidly investigated the condition of the bank in July, 1849, and came to the conclusion that the capital stock then owned by shareholders, say \$290,805, was only worth \$197,947. Since then, by the recovery of debts deemed bad by the committee at that time, and gains upon real estate since that time disposed of, together with surplus profits, after paying dividends and expenses of the bank, that sum had been increased to the 31st of December, 1857, to \$236,856 35. Should the \$26,500, above referred to as "in great danger of being lost, be ultimately lost to the bank, it will reduce this last sum by that amount. The most of the \$14,064 39, however, referred to as "lost," was excluded by the committee when they reported the capital stock as worth \$197,947.

It may be proper to mention that several of the trustees are among the largest shareholders of the stock, and that the aggregate indebtedness of the board—nine in number—does not exceed \$13,000.

I have the honor to be, very respectfully, yours, &c.,

R. READ,
President Farmers and Mechanics' Bank.

Hon. JOHN SLIDELL,
Chairman Select Committee, U. S. Senate.

No. 6.—Statement of the condition of the *Farmers and Mechanics' Bank of Georgetown, D. C., December 31, 1857.*

Capital stock owned by stockholders, on which dividends are declared	\$288 730 00	Bills and notes discounted	\$349,962 29
Interest account	374 61	Real estate	26,388 45
Dividends due stockholders	12,088 36	Profit and loss	13,988 19
Bank notes of the Farmers and Mechanics' Bank in circulation	\$47,350 00	Suspense account	17,068 58
Due other banks	30,183 51	Law	398 61
Due depositors	127,264 14	Stock	233 33
	204,797 65	Protest	422 42
		Expense	36 13
		Due from other banks	\$29,199 48
		Gold and silver	58,142 22
		Notes of checks on other banks	10,150 92
			97,492 62
	505,990 62		505,990 62

Silver in our vault	\$7,837 50
Gold	50,304 72
Balance in New York, gold, embraced above, on amount due from banks	16,478 83
Amount of specie	74,621 05

I certify, on my honor, that the above statement, to the best of my knowledge and belief, represents the true condition of this bank.

W. LAIRD, JR., *Cashier.*

FARMERS AND MECHANICS' BANK, *Georgetown, D. C., December 31, 1857.*

Ne. 7.]

BANK OF COMMERCE,
Georgetown, D. C., December 31, 1857.

SIR: The undersigned, president of the Bank of Commerce of Georgetown, has the honor to acknowledge the receipt of your letter of the 23d instant, addressed "to the president of the Board of Trustees of the Bank of Commerce of Georgetown," requesting "a full statement of the affairs of the Board of Trustees of the Bank of Commerce, detailing the assets and liabilities of the same, with a full and complete list of its debtors, the amount due by each, when their obligations were contracted, and when they mature; how the same are secured," &c.; and also enclosing a resolution of the Senate for your authority in the premises, adopted 22d instant.

It is evident, from the direction of this letter, that a misconception exists in the honorable committee of the Senate as to the origin and legal position of the Bank of Commerce, which may be easily removed by a brief explanation of the rise and establishment of that bank. Congress, by several acts, incorporated certain banks in this District, whose charters expired in July, 1844. The stockholders of these banks, at a public meeting held in June of that year, directed all their estate, real, personal, and mixed, to be conveyed to certain trustees upon certain trusts, uses, and purposes; and such deeds were duly made and recorded in the clerk's office of this District. The charters of such banks having expired in July, 1844, the trustees, it is said, were advised by the most eminent counsel that, as officers of such joint stock companies, they had full power to engage in the business of banking, and to issue paper money, discount notes, and receive deposits.

The trustees of these companies, having been thus fortified by the opinions of able lawyers, engaged in banking operations, and have continued in this business for upwards of thirteen years, and it may be inferred that their banking operations have been highly beneficial to the public. Certain individuals, to wit: Hugh B. Sweeny, Hamilton G. Fant, John L. Dufief, Richard Pettit, Mrs. Susan Ireland, Charles E. Rittenhouse, Samuel Fowler, William T. Herron, R. M. Boyer, and Timothy O'Neale, who are all residents of this District, and known to be large real estate owners, of abundant means, and who were entirely disconnected with the banks whose charters had thus expired, determined, in the absence of any banking law for this District, and at the solicitation of a large number of merchants, to appropriate a considerable part of their capital to the business of banking.

The population of the District having largely increased, and the current business of the two cities equally enlarged, these individuals, in the year 1852, formed a joint stock company, with a capital of one hundred thousand dollars, to carry on the banking business in Georgetown, and designated it the "Bank of Commerce of Georgetown." They were encouraged to undertake this business from the conviction that they would infringe no established public law, and from the belief that they had a right to appropriate their capital to the use of any legitimate object of business. The stockholders thus formed, the Bank of Commerce appointed a president and cashier, and controlled, revised, and supervised the acts of their officers at stated regular meetings. This company has been engaged since that year in banking opera-

tions—that is to say, in receiving deposits, discounting notes, and issuing bills for a limited circulation.

The first was clearly legal, as a deposit is only an agreement between parties, the depositor having a right to give his money to any individual to keep and control, and the depositee or bailee having the same right to receive the money. The right to discount is just as clear. A discount is but a loan, and all the public law enjoins is that no usury shall enter into the contract. And here it may be respectfully suggested that as a deposit and a loan not usurious are thus legal and harmless, no government, however despotic, much less free, has ever abridged or denied the rights of its citizens thus to contract in these simple forms.

The parties, then, to such innocent and legal operations should not be exposed to public view, it being the undoubted understanding of our customers that, as they have a right to borrow, and the transactions being legal and innocent, they ought not to be made accountable for any such engagements, either by a public exhibition of their names, or a searching scrutiny into their ability to pay. This suggestion is confirmed by the reflection that it is a private partnership, and only responsible to the judicial tribunals of the country for the propriety of its past operations, similar to other partnerships, and to be governed by the same laws.

The right to issue paper money was not restrained by any public law or act of Congress when this bank was established; and as such issues were then, and still are, legal, it is very clear that the stockholders and officers of this bank cannot be subjected to any penalty, or are amenable to other than the courts, for the exercise of an undoubted right.

That Congress has the right to enact any laws for the *future* concerning the currency of this District is beyond dispute, and the stockholders of this bank will be among the first to acquiesce in such legislation.

Confidently believing that they have transgressed no law, and that the courts are open to their customers for any imputed wrong, they cheerfully submit herewith to the consideration of the honorable committee such a statement of their condition as comports with a strict regard to the feelings, rights, and interests of others. That the bank has been of some considerable advantage to the mercantile community may be inferred from the fact that, during the period of its existence, about six years, it has discounted over *four million dollars*.

The circulation of the bank, which constitutes the only possible objection to it, so far as the public is concerned, never was any great object, averaging less than thirty thousand dollars.

Having referred for their authority to the general law, which gave them full power to engage in this business, and cheerfully rendering a statement of the affairs of the company, the undersigned believes that it fully complies with the object proposed by the letter of the committee.

I have the honor to be, very respectfully, your obedient servant,
C. E. RITTENHOUSE, *President*.

Hon. JOHN SLIDELL,
Chairman of the Select Committee, &c., U. S. Senate.

No. 8.—*General statement of the Bank of Commerce, Georgetown, D. C., January 2, 1858.*

Bills and notes discounted	\$111,899 58	Capital paid in	\$106,000 00
Stock account.....	13,649 80	Circulation.....	28,995 09
Real estate	13,314 36	Certificates of deposit	2,500 00
Due from other banks.....	29,698 06	Depositors	52,882 46
Sundry accounts, viz: costs of suits, expense, protest, profit and loss, and suspense accounts	4,619 01	Due to other banks	499 21
Notes of other banks.....	5,523 00	Exchange account	1,402 32
Checks on other banks.....	386 09	Surplus account.....	15,099 26
Specie.....	28,288 35		
	<hr/> 207,378 25		<hr/> 207,378 25

BANK OF COMMERCE, *Georgetown, D. C., January 2, 1858.*C. E. RITTENHOUSE, *President.*

No. 9.]

BANK OF THE METROPOLIS,
Washington, January 5, 1858.

SIR: I herewith enclose to you a statement of the condition of the Bank of the Metropolis, detailing the assets and liabilities of the institution, as requested in your letter of the 23d ultimo, which, I trust, will be satisfactory to the committee of the Senate. We do not feel authorized to furnish you with a list of our debtors, the amount due by each, &c., &c. By such an exposure we should be likely to lose all our customers, and might be made accountable to them in suits for damages. I am, however, authorized by the president, the cashier, and the trustees, to assure the committee that not one of them owes the bank a dollar, and this I know to be true.* They are all gentlemen in easy circumstances, and seldom have occasion to borrow money, from this or any other bank—certainly not beyond their ability to pay on demand.

The charter of this bank expired on the 4th of July, 1844. Before the expiration of the charter, July 3, 1844, the whole property and effects of the bank were sold and transferred to trustees, elected by the stockholders. By this sale and conveyance, executed in legal form, the Bank of the Metropolis became a private institution, and as such it has been carried on ever since, with the full knowledge that every stockholder is bound for the liabilities of the bank. I think I can say with truth that the bank has had as much of the confidence of the public since the charter expired as it ever had before, and that it has been as useful to the community, in all respects, as it ever was before that time. The bank is safely and justly conducted, and every accommodation is afforded to the public consistent with prudence. No wild speculations are here carried on. No purchases or sales of stocks, lands, or property of any kind. Nothing but a fair and legitimate system of banking is carried on, or permitted to enter into our business operations. The bank has a high and honorable standing, not only in this community but wide spread throughout the country, and I trust that it will continue to be so conducted as to maintain its character for punctuality and usefulness.

This bank suspended specie payments on the 28th of September last, after many of the banks east of us had ceased to pay coin. Although we paid out, the day before the suspension, near seventy thousand dollars in gold and silver, we had still a large amount of specie on hand, and were in a very sound and healthy condition; but the interest of the merchants and other business portion of the District required a suspension. We concluded that it was best, and yielded to public opinion. Many of our depositors advised and urged it upon us, as best for the bank and for the community. Our notes in circulation were only \$49,500, whilst our gold and silver, and other specie funds, amounted to \$370,078 65. Since the suspension, we have freely paid out gold and silver to depositors and note-holders, for all market and other necessary purposes, to the

* One of the trustees, a very rich man, with two other rich men, are joint drawers on a note for \$6,000, procured for one of the churches in Washington, which note is now about to be paid.

amount of \$164,266 82; whilst there has been paid into the bank, in gold and silver during the same period, \$223,612 05. Since this unavoidable calamity fell upon the bank, I have not heard a single complaint, either among the depositors or the holders of our notes, and I am sure there has been no just cause for complaint.

These misfortunes will sometimes overtake banks, merchants, and even governments, and no human foresight can prevent it. The present crisis, like the cholera, seems to be travelling all over the world, and prostrating in its course the most wealthy men and the most stable and popular institutions. The city of Hamburg, remarkable for its wealth, and trading alone with specie, was in the range of this financial tornado, and many of her richest merchants have been stricken down and ruined by it. I do not doubt that if every bank in the United States was discontinued a similar crisis would occur every ten or twenty years; but the people of this country are too enterprising to be tied down to paying the cash for everything they buy, or everything they want. In truth, there is not specie enough in the world to carry on the business of this country. If our bank is not safe and useful to the community, none can be made so, for it is guarded, watched, and protected to the best of our skill and judgment, and as much with the view of serving the public as of promoting the interest of the stockholders.

In carrying on our bank, as a private institution, we have not violated any law or rule of propriety. We considered that we had as much right to carry on the bank, as we conduct it, as any merchant in Washington to carry on his business. Those who make deposits and deal with us find their own interest in it. The only inducement we offer to them is the regular and systematic manner in which we conduct our bank, and the facilities we afford them in carrying on their business.

I beg that the committee will excuse me for mentioning some of the services which this bank has rendered to the government when the treasury had no funds. In 1814 Col. Monroe, then Secretary of War, was sent to the Bank of the Metropolis by Mr. Madison to procure a loan of two hundred thousand dollars, to be forwarded to General Jackson, then at New Orleans, who was out of supplies for his army, and could not do without it. The loan was made and immediately transmitted to the General. Several times since that period the bank furnished specie funds to pay the members of Congress, mail contractors, &c., without interest or compensation of any kind, when the government could not otherwise procure it in time to meet the demand. This bank was for some time the depository of the public moneys, and afforded many facilities in the transmission of funds to different parts of the country, at our own expense and risk. For some years we paid the pensioners at this place, without any compensation whatever.

If the committee desire any further information in relation to the bank, we shall be pleased to furnish everything that can be useful.

I have the honor to be, very respectfully, sir, your most obedient servant,

THOS. CARBERY, *President.*

Hon. JOHN SLIDELL, *Chairman, &c., &c.*

No. 10.

DR.

State of the Bank of the Metropolis on the 31st of December, 1857, inclusive.

CR.

Bills and notes discounted, viz:		Capital paid in	\$355,300 00
On personal security	\$393,761 85	Notes in circulation	124,414 76
On domestic bills	64,483 27	Due to other banks	38,658 36
On stocks	59,315 00	Profit and loss account	21,986 99
On stocks on call	54,918 49	Unclaimed dividends	\$14,869 57
	\$572,483 61	Depositors	316,573 96
Stock of the bank	41 66		331,443 53
Other stocks	4,074 66		
	4,116 32		
Real estate taken for debt	4,500 00		
Do....banking-house	22,375 90		
	26,875 90		
Due from other banks	29,953 21		
Notes and checks of other banks	96,896 37		
	126,849 58		
Protest and costs of suits, accounts	8,360 79		
Suspense account	2,653 10		
Specie	130,464 34		
	871,803 64		871,803 64

R. SMITH, *Cashier.*

BANK OF THE METROPOLIS, *Washington, January 5, 1858.*

BANKS OF THE DISTRICT OF COLUMBIA.

No. 11.

SENATE CHAMBER, *December 12, 1857.*

SIR: I have received your letter of December 29, acknowledging receipt of mine of December 23, calling for information of the condition and affairs of the trustees of the Bank of Washington, in which letter you say that the subject was referred to a committee of the board of trustees. I am instructed by the special committee to inquire if it be the intention of the board of trustees to give the information asked for in my letter of December 23. An immediate reply to this letter is requested.

Very respectfully,

JOHN SLIDELL,
Chairman Special Committee, &c.

W. GUNTON, Esq.,
*Board of Trustees of Bank of Washington,
or in his absence cashier of said Board.*

No. 12.

BANK OF WASHINGTON,
January 12, 1858.

SIR: By direction of the board of trustees of this bank, I have the honor to enclose herewith a statement showing the condition of this bank on the 1st day of January, 1858.

The board do not feel at liberty, in view of the relation existing between the bank and its debtors, to furnish in detail "a list of its debtors, the amount due by each, when their obligations were contracted, and when they mature;" considering that this would be in direct violation of the confidential nature of their transactions with the bank. Besides, it is thought that the statement herewith sent will exhibit the information "necessary to a just appreciation of the affairs of the bank."

In the year 1844, just previous to the expiration of the charter of the bank, the stockholders, in general meeting, placed in the hands of trustees all their assets, rights, and credits, for certain purposes, and among them the power to continue such banking acts and operations as they might legally do and perform. Under the authority thus conveyed, and the joint resolution passed by Congress about the same time, giving authority to wind up the affairs of the old bank, the trustees have been ever since acting in good faith, and have conducted their business, as they believe, acceptably to the citizens of Washington, and satisfactory to their customers generally. It is true they have been obliged to succumb to this panic which has spread so disastrously over the whole commercial world, but as this bank is a private association, all its stockholders are liable, both to depositors and note holders, so that there is no probability of loss occurring to either.

Under this unlooked for state of things the trustees determined to make no *new loans*, but urgently to call upon all its debtors for such curtailments as they could pay without making any *sacrifices* to do so. This was done by most of them, and every note on which a renewal was asked, on the payment of a curtail, however small, was assented to. Had the trustees insisted on the payment of the notes as they became due, great inconvenience and losses to the business men would have been the inevitable result; but it is now believed that this bank will not lose a dollar on its discounted paper in consequence of this untoward pressure. Owing to the large amount of specie monthly disbursed by the government in this city, the circulation of the District banks have of late years been merely nominal, the chief currency being gold and silver, and notes of banks below par, the latter not being received as bankable funds.

The circulation is larger now, in consequence of specie being at a premium, and because the trustees were solicited by merchants and business men to increase their issues, and thereby keep other notes, of doubtful value, from being introduced.

This communication would have been transmitted before but from unforeseen circumstances. As the last weekly statement has been prepared for the board, I send a copy for your inspection.

With great respect, your most obedient servant,

W. GUNTON, *President.*

Hon. JOHN SLIDELL,

Chairman, &c. United States Senate.

No. 13.—*General statement of the Bank of Washington, January 1, 1858.*

Capital stock outstanding.....	\$178, 160 00	State and other stocks and bonds	\$55, 262 42
Notes in circulation	92, 052 50	Banking house	23, 827 70
Individual deposits.....	207, 427 10	Other city lots, assessed value.....	40, 756 99
Due to banks.....	13, 292 15	Legal expenses.....	3, 620 72
Suspense account.....	767 73	Protest account	132 13
Profit and loss.....	34, 600 97	Bills and notes in suit.....	\$31, 454 94
		Bills and notes current.....	242, 798 25
			274, 253 19
		Due by banks	14, 812 15
		Specie	81, 341 63
		Notes of District banks	10, 950 00
		Notes of other banks.....	7, 638 00
		Checks on other banks	13, 705 52
			128, 447 30
	526, 300 45		526, 300 45

BANK OF WASHINGTON, *January 12, 1858.*JAS. ADAMS, *Cashier.*No. 14.—*Weekly statement of the Bank of Washington, January 9, 1858.*

Due to banks.....	\$11, 233 18	Due from banks	\$11, 009 15
Due to depositors.....	230, 786 48	Specie	102, 625 76
Due to circulation	89, 287 50	District notes and checks.....	22, 379 98
	331, 307 16	Notes on other banks	8, 645 00
			144, 659 89
		Current bills and notes	245, 901 91

BANK OF WASHINGTON, *January 12, 1858.*JAS. ADAMS, *Cashier.*

No. 15.—*A synoptical statement of the condition of the affairs of the banks of the District of Columbia.*

LIABILITIES.

	Capital.	Circulation.	Individual deposits.	Due to banks.	Dividends undivided.	Surplus, &c.	Total.
Bank of the Metropolis	\$355,300 00	\$124,416 76	\$316,573 96	\$33,658 36	\$14,869 57	\$21,986 99	\$871,803 64
Bank of Washington.....	178,160 00	92,052 50	207,427 10	13,292 15	.....	Suspense, 767 73 Surp's, 34,600 97	526,300 45
Patriotic Bank..... \$250,000	.....	.....	31,452 48	} 66,809 45	.....	.....	246,457 82
Less this am't held by bank, 126,105	123,895 00	23,115 00	Special, 1,185 89		.....	.....	.....
Farmers and Mechanics' Bank	288,730 00	47,359 00	127,264 14	30,183 51	12,088 36	.....	505,616 00
Bank of Commerce	106,000 00	28,995 00	55,382 46	499 21	.....	16,501 58	207,378 25
	1,052,085 00	315,929 26	639,286 03	149,442 68	26,957 93	73,857 27	2,357,556 17

ASSETS.

	Bills discounted, and loans.	Specie.	Stocks.	Real estate.	Due by banks.	Notes and checks of other bnks.	Protest, loss, expense, &c.	Deficiency, &c.	Total.
Bank of the Metropolis.....	\$572,483 61	\$130,464 34	\$4,116 32	B. H., \$22,375 90	\$29,953 21	\$96,896 37	\$3,360 79	\$2,653 10	\$871,803 64
Bank of Washington	In suit, 31,454 94	81,341 63	55,262 42	Take n for debt, 4,500 00	14,812 15	32,293 52	3,752 85	.....	526,300 45
Patriotic Bank.....	Curr't, 242,798 25	.....	.....	Taken for debt, 40,756 99	60,004 48	8,208 70	116 75	10,768 47	246,457 82
Farmers and Mechanics' Bank ..	85,893 15	12,409 95	27,020 00	B. H., 14,000 00	29,199 48	10,150 92	\$21 03	30,718 29	505,616 01
Bank of Commerce	In suit, 4,536 32	58,142 22	233 33	Other, 23,500 00	29,698 06	5,909 09	4,619 01	.....	207,378 25
	349,962 29	28,288 35	13,649 80	13,314 36	163,667 38	153,458 60	17,670 43	44,139 86	2,357,556 17
	1,399,028 14	310,646 49	100,281 87	168,663 40					

No. 16.]

TREASURY DEPARTMENT, *January 4, 1858.*

SIR: Agreeably to your request, I have the honor to enclose herewith, from the records of this department, a copy of a letter addressed to Wm. A. Bradley, esq., president of the Patriotic Bank, Washington, by the Secretary of the Treasury, dated 4th January, 1841, with the statement from the same record, that similar letters were addressed to the other banks of this District as therein stated.

The original communications from those banks referred to, have not been found on the files of the department.

Very respectfully, your obedient servant,

HOWELL COBB, *Secretary of the Treasury.*

Hon. JOHN SLIDELL, *Senate of the United States.*

No. 17.]

TREASURY DEPARTMENT, *January 4, 1841.*

SIR: I have to acknowledge the receipt of your letter of the 31st ultimo, enclosing a list of stockholders and the certificate of the president and directors of the Patriotic Bank of Washington, assenting to and accepting the extension of the charter of the said bank upon the terms and conditions contained in the act of Congress of the 3d of July, 1840, which certificate was duly filed in my office on the 31st day of December ultimo, in conformity with the requirements of the said act. I am, &c.,

LEVI WOODBURY,

W. A. BRADLEY, Esq.,

Secretary of the Treasury.

President of the Patriotic Bank of Washington.

Similar letters were addressed to the presidents of the following banks of the District, and the dates of the filing of their several certificates noted, as follows:

Bank of the Metropolis, of Washington, certificate filed December 31, 1840.

Bank of Washington, of Washington, certificate filed Jan. 2, 1841.

Farmers' Bank of Alexandria, of Alexandria, D. C., certificate filed January 2, 1841.

Farmers and Mechanics' Bank of Georgetown, D. C., certificate filed January 2, 1841.

No. 18.]

TREASURY OF THE UNITED STATES, *January 18, 1858.*

SIR: In answer to your call of 16th instant, I have the honor to report the following receipts of coin for transfer drafts, viz:

From Richard Smith, Cashier Bank of Metropolis.....	\$114,550
From James Adams, Cashier Bank of Washington	70,000
From C. Bestor, Cashier Patriotic Bank	1,500
From W. Laird, jr., Cashier Farmers and Mechanics' Bank, Georgetown.....	20,000
From C. E. Rittenhouse, President Bank of Commerce, Georgetown.....	1,000

Since September 26, 1857..... 207,050

Very respectfully, your obedient servant,

SAMUEL CASEY, *Treasurer U. S.*

P. CLAYTON, Esq., *Assistant Secretary of the Treasury.*